



HOUSE OF REPRESENTATIVES

HB 2535

motor vehicle dealers; titles; licensing
Prime Sponsor: Representative Shope, LD 8

DP Committee on Education
DP Caucus and COW
X As Transmitted to the Governor

OVERVIEW

HB 2535 allows the Department of Transportation to adopt an electronic system for issuing and maintaining electronic certificates of title and modifies requirements and licensing fee structure for motor vehicle dealers.

PROVISIONS

Electronic Records and Systems

1. Permits the director of ADOT to establish an electronic system for issuing and maintaining electronic titles and procedures for sharing information with law enforcement agencies.
2. Allows a licensed insurance company to execute power of attorney for a vehicle title and registration involving a total loss vehicle settlement without notarization if a licensed insurance company electronically submits the power of attorney.
3. Requires a lienholder to electronically submit the repossession affidavit to ADOT if the lienholder is a financial institution.
4. Makes certain ADOT pilot electronic programs permanent.
5. Mandates a lienholder to notify the next holder of the lien or encumbrance, rather than deliver the title.

Forms and Documents

6. Allows a vehicle owner to apply for a duplicate paper title in the manner prescribed by ADOT.
7. Requires an individual to submit a manufacturer's certificate of origin with an application for a title for a new car.
8. Restricts ADOT from issuing a title without registration for a vehicle under specified circumstances.
9. States that ADOT is to issue a title for an unregistered commercial fleet vehicle if the fleet operator has an international or alternative proportional registration, or if the vehicle is a trailer or semitrailer registered in another state and is used for interstate commerce.
10. Provides that ADOT or an authorized third party is to create the title and provide forms for assignment of title or interest and warranty containing an odometer disclosure statement.
11. Allows a vehicle owner to provide indicia of ownership in certain circumstances, rather than be identified on ADOT's record.

12. Requires indicia of ownership to be provided to a spouse or person who has interest in a vehicle for each person requesting an immobilization or post-storage hearing for an immobilized or impounded vehicle.
 - a. Directs an immobilizing or impounding agency to release a vehicle before the end of the immobilization or impoundment period if the vehicle's ownership and the vehicle is driven by a customer, potential customer or employee of the dealer.
13. Permits, rather than requires, ADOT to inspect a foreign vehicle before issuing a title or registration.

Motor Vehicle Dealers

14. Requires a wholesale motor vehicle dealer or broker to be a legal resident of Arizona.
15. Exempts a new motor vehicle dealer from the mandated criminal records check.
16. Requires a wholesale motor vehicle dealer to sell at least 10 vehicles to one or more licensed new or used motor vehicle dealers in the prior license year in order to qualify for a motor vehicle dealer license plate.
17. Allows the director of ADOT to establish an education and training program for individuals applying for used or wholesale motor vehicle dealer licenses.
 - a. Allows the education and training program to be administered by a contracted private entity and permits the private entity to charge a fee to each person who applies for an initial or renewal used or wholesale motor vehicle dealer license.
18. Removes the requirement for a motor vehicle dealer to apply through DFI and provide \$300 for an application fee; and \$150 for an annual renewal.
19. Requires a motor vehicle dealer to pay a \$400 filing fee to MVD if the dealer has a contractual relationship with a third party lender.
20. Allocates \$300 of this fee to the General Fund (GF) and \$100 to the Arizona Highway User Revenue Fund (HURF).
21. Requires a motor vehicle dealer to pay a \$100 license continuation fee, if issued annually.
22. Mandates that if a dealer has a contractual relationship with a third party lender, the dealer is to pay a \$250 license continuation fee.
23. Allocates \$150 of this fee to the GF and \$100 to HURF.

Miscellaneous

24. Defines *certificate of ownership*, *certificate of title*, *indicia of ownership* and *title transfer form*.
25. Makes technical and conforming changes.

CURRENT LAW

Currently, [A.R.S. §§ 28-2051](#) and [-2052](#) requires the purchaser or transferee of a motor vehicle, trailer or semitrailer to submit a title application to ADOT, which then is filed and is determined if is satisfactory. If ADOT approves an application, the department then registers the vehicle and the owner. According to [A.R.S. § 28-2003\(A\)\(1\)](#), a title for a motor vehicle costs \$4.

Additionally, a motor vehicle dealer is required to apply for a license through DFI and MVD. [A.R.S. § 6-126](#) states that a \$300 nonrefundable fee, and \$150 for an annual renewal, must be

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payable to DFI to apply for a motor vehicle dealer license. [A.R.S. § 28-4302\(A\)\(3\)](#) requires a dealer, manufacturer, distributor, importer, factory branch, distributor branch, automotive recycler, or wholesale motor vehicle dealer to pay a \$100 license filing fee, if the license is issued annually.

[A.R.S. § 28-4301\(22\)](#) defines a *motor vehicle dealer* as a new motor vehicle dealer, a used motor vehicle dealer, a public consignment auction dealer, a broker or a wholesale motor vehicle auction dealer, excluding a person who comes into possession of a motor vehicle as an incident to the person's regular business and who sells, auctions or exchanges the motor vehicle.